

1 **VIRGINIA TOBACCO INDEMNIFICATION**
2 **AND COMMUNITY REVITALIZATION COMMISSION**

3 701 East Franklin Street, Suite 501
4 Richmond, Virginia 23219
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9 **Southside Economic Development Committee**

10 Thursday, April 10, 2008
11 11:00 p.m.
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13 Salon A&B
14 Berry Hill Conference Center
15 3105 River Road
16 South Boston, Virginia
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1 **APPEARANCES:**

2 The Honorable Edward Owens, Chairman

3 The Honorable Kathy J. Byron

4 The Honorable Clarke N. Hogan

5 The Honorable Thomas C. Wright, Jr.

6 The Honorable Frank M. Ruff

7 The Honorable Lynn Hammond, Deputy Secretary of Commerce and Trade

8 Mr. Clarence D. Bryant, III

9 The Honorable Barnie K. Day

10 Mr. L. Jackson Hite

11 Mr. Scott M. Harwood, Sr.

12 The Honorable Harrison A. Moody

13 Ms. Connie Lee Greene Nyholm

14 The Honorable Danny Marshall

15

16 COMMISSION STAFF:

17 Mr. Neal Noyes, Executive Director

18 Mr. Ned Stephenson, Deputy Director

19 Mr. Timothy J. Pfohl, Grants Program Administration Manager

20 Ms. Britt Nelson, Grants Coordinator - Southside Virginia

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22 OFFICE OF THE ATTORNEY GENERAL

23 Francis N. Ferguson, Deputy Attorney General, Counsel to the Commission

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1 MR. OWENS: I'm going to call the meeting of the
2 Southside Economic Development Committee to order.

3 Can we have roll call, please?

4 MR. NOYES: Mr. Bryant?

5 MR. BRYANT: Here.

6 MR. NOYES: Delegate Byron?

7 DELEGATE BYRON: Here.

8 MR. NOYES: Deputy Secretary Hammond?

9 DEPUTY SECRETARY HAMMOND: Here.

10 MR. NOYES: Mr. Harwood?

11 MR. HARWOOD: Here.

12 MR. NOYES: Mr. Hite?

13 MR. HITE: Here.

14 MR. NOYES: Delegate Hogan?

15 DELEGATE HOGAN: Here.

16 MR. NOYES: Delegate Marshall?

17 DELEGATE MARSHALL: Here.

18 MR. NOYES: Mr. Moody?

19 MR. MOODY: Here.

20 MR. NOYES: Ms. Nyholm?

21 MS. NYHOLM: Here.

22 MR. NOYES: Senator Ruff?

23 SENATOR RUFF: Here.

24 MR. NOYES: Delegate Wright?

25 DELEGATE WRIGHT: Present.

1 MR. NOYES: Mr. Day?

2 MR. DAY: Here.

3 MR. NOYES: Mr. Owens?

4 MR. OWENS: Here.

5 MR. NOYES: Delegate Marshall is on the way,
6 Mr. Chairman. We have a quorum.

7 MR. OWENS: Has everybody seen the Minutes of
8 the prior meeting and reviewed them? Did you read them? Any corrections
9 to the Minutes?

10 All right, it's been moved and seconded that the Minutes be
11 approved. All those in favor signify by saying aye? (Ayes.) Opposed, no?
12 (No response.) The Minutes are approved.

13 Next on the Agenda is the grant recommendations. Before we
14 get to that item, we've gotten a report from Staff that some municipalities
15 have not complied with some of the TROF requirements, not provided the
16 information, and in speaking to some of the other commission members they
17 wanted to know how we were handling this kind of a situation where people
18 have not complied and yet they're asking for new grant money. We have a
19 discussion on the floor.

20 MR. HITE: We're going over these individually?

21 MR. OWENS: Yes. Ned.

22 MR. STEPHENSON: Members of the Committee,
23 we have probably as many as 35 or 40 TROF grants for which our files do
24 not contain required data to determine the accountability for those contracts.
25 I put a few of them in front of this Committee, being those counties that are

1 before you today. Several of those have already cured that problem. I'm just
2 presenting it to the Committee so that you will be informed that this is going
3 on. Whatever course you wish to take with it, we will abide by that.

4 SENATOR RUFF: Mr. Chairman, the purpose of
5 this Committee is to put money out to create jobs, and I don't think we ought
6 to do anything to interrupt that, but I do think the counties need to be
7 communicated with by the Commission staff. I would move that any past
8 oversights not be considered in this grant application but that no new money
9 be given without the counties communicating with the Staff.

10 MR. OWENS: There's a motion. Is there a
11 second?

12 MR. BRYANT: I have a question. How does this,
13 with what we're doing today?

14 SENATOR RUFF: Mr. Chairman, I think in each
15 case there is probably some area of communication. Some of them that I've
16 talked to believed that they would send the information. I don't think we
17 should be in the habit of rejecting one opportunity for jobs because another
18 one fell through or did not work out. I think most of these cases, and I know
19 I can't speak for all of them, but most of them are where the private
20 companies did not live up to the standard that they had agreed to; in most
21 cases they're bankrupt. That's where I'm coming from. I think it would be
22 very shortsighted to do damage to that, but I also at the same time, I think we
23 need to strengthen the contracts that we have now between the Tobacco
24 Commission and the localities. Some of the original ones were done not
25 quite as tight as they should have been.

1 MR. FERGUSON: Just for personal clarification,
2 so I understand and the record will reflect. I understand the motion, then, is
3 that any prior lack of provision of the appropriate documentation or
4 information regarding a prior grant will not be an obstacle to granting further
5 funds if everything is approved. However, on a going forward basis any
6 new grant will require that communications and that information will be
7 provided for both new grants and any old ones.

8 SENATOR RUFF: That's correct.

9 MR. FERGUSON: That's the condition on any
10 grant?

11 SENATOR RUFF: Yes.

12 MR. HITE: Your motion does not preclude the
13 Staff from continuing to study and try to correct its communication gap?

14 SENATOR RUFF: No. In fact, Mr. Chairman, I
15 say it that way so that there is ongoing dialogue so we can work this out as
16 much as possible.

17 MR. HARWOOD: Frank, I need a clarification,
18 Mr. Chairman. Are we saying that the grants that we are approving today --
19 is that what you're saying?

20 SENATOR RUFF: Mr. Chairman, there would be
21 no bias against any grant.

22 MR. HARWOOD: That we're doing today?

23 SENATOR RUFF: Yes.

24 MR. HARWOOD: I just wanted a clarification.

25 DELEGATE HOGAN: Mr. Chairman, correct me

1 if I'm wrong, and maybe Frank can answer this question. My understanding
2 is that the position that we were in previously is that we were going to look
3 at these grants, and the rule was adopted by the Executive Committee. So I
4 don't know that we're in a position to, or I think the motion that Senator Ruff
5 is suggesting would run counter to that motion. I guess I ask the question, is
6 it properly before us now?

7 SENATOR RUFF: I didn't hear that very well.

8 DELEGATE HOGAN: We have a policy that was
9 adopted by the Executive Committee and ratified by the Commission. I
10 don't know, I might ask the Executive Director.

11 MR. NOYES: If I may, Mr. Chairman. That the
12 Executive Committee shall be the venue to consider and direct Staff whether
13 or not to collect or cease and desist in any attempts to collect funds on
14 individual TROF awards, certainly TROF awards. The Staff has included
15 this in the meeting packet today as information to this Committee, not with
16 the intent that your decision to recommend or not recommend any of the
17 individual applications be limited by this information, that wasn't the intent.
18 There is a problem, it is as has been discussed, a problem of communication
19 and poor performance agreements that were structured poorly in the past.
20 That is being cured, and pretty much has been cured, with the new TROF
21 agreements. We need to get the dialogue going instead of having folks think
22 that because somebody says tell us, tell them that yes, we met the objective,
23 and therefore we have no liability, it becomes a he-said, she-said. We need
24 documents for the files. Auditors come in and they look at this information.
25 This is due diligence on the part of the Staff, that's all this is at this time.

1 MR. OWENS: Mr. Day.

2 MR. DAY: I have a question for the Staff. We
3 make the awards to the local governments. When we ask for this data, do
4 we ask the local government for it, or do we ask the end user?

5 MR. STEPHENSON: Local governments.

6 MR. DAY: So when this list says no response
7 from Franklin County, that's what it means. We've asked Franklin County
8 that question and not the grant end user?

9 MR. STEPHENSON: Like we make our request
10 of the grantee to whom we gave the money.

11 DELEGATE WRIGHT: Mr. Chairman, my
12 concern simply put is this. The Tobacco Commission has changed
13 somewhat as far as the agreements that are entered into between the locality
14 and so forth. If a county entered into an agreement with the Tobacco
15 Commission and they've done due diligence and have lived up to their
16 agreement, and the Tobacco Commission policy and the agreements now
17 have changed, then I don't think it's fair to go back to the agreements that
18 were made previously and say we want to take another look at this.

19 As far as the Executive Committee, I don't know, and maybe it's
20 been said, and maybe I missed it in the Minutes, I don't know, is that in the
21 Minutes somewhere? Has it been voted on by the Commission?

22 MR. NOYES: The Executive Committee. It's a
23 procedural instruction to Staff from the Executive Committee.

24 DELEGATE WRIGHT: I think the Executive
25 Committee needs to take another look at this. If they're going to try to say

1 we're operating under these rules today, and by the way, you're going to be
2 going by rules that were in place before and they're not going to count. The
3 agreements you all signed in the past are not going to count, you'll have to
4 go by what's in place today. By the way, we want to hold the economic
5 appropriations over your head in the future. I don't think that's right.

6 SENATOR RUFF: Mr. Chairman, the way I laid
7 out the motion is that it would not have any bias before today. Secondly, it's
8 simply open to dialogue between the Staff and the counties so that
9 everybody understands this is serious business and we cannot continue in a
10 system that one side says one thing and one side said another. Nobody sits
11 down and tries to work out the differences. It's not penalizing anybody, but
12 there's some structure then in place so it's done properly.

13 DELEGATE WRIGHT: I'm not in disagreement
14 with Senator Ruff's motion; I was more responding to public comments
15 made. I'd probably be willing to support his motion.

16 DELEGATE HOGAN: Mr. Chairman, the issue is
17 not whether we're going to change the rules in mid stream, the issue is this.
18 The Commission entered into with localities certain arrangements. In some
19 cases those arrangements were not met. We're not changing the rules. We're
20 just saying that we have an agreement with you, and you're going to do the
21 following and we're going to do the following. In the issue that's before you,
22 the localities have not done what they have agreed to do, and the factual
23 situation at the time they were given these grants and monies. The question
24 then becomes what do we do about it? Do we just forgive it and say you
25 made a good faith effort but things didn't work out like you thought they

1 would, and that's fine, and we can do that. Nobody's changing the rules.
2 The bottom line is that these localities have not met contractual
3 arrangements they made with us when we gave them the money. There may
4 be some circumstances in which we want to forgive an obligation, but if we
5 forgive these obligations willy-nilly you're opening us up to a failure to meet
6 what I think is our fiduciary responsibility. Which is to say, if people don't
7 meet their obligations, what good is the contract? Why do we even sign a
8 contract if we're not going to hold members of that contract responsible?

9 DELEGATE BYRON: Mr. Chairman, I agree
10 with Clarke. This is a contractual arrangement, and outside of legal counsel
11 telling us what the options are besides forgiveness of what they have not met
12 as far as arrangements were concerned, I think that's what is hurting us now.
13 What are some of the options besides that? What are our options, and what
14 is our recourse for not meeting the contractual arrangements?

15 MR. FERGUSON: Mr. Chairman, I would just
16 observe, some of these issues I understand are on the Agenda for the
17 Executive Committee meeting next week. I've been tasked to review some
18 of the same questions you're talking about, and I'll be prepared for that
19 discussion at that time. I did not understand the motion to change any rule,
20 and I would agree with Delegate Wright that if that was the motion, although
21 I didn't interpret it that way, that would be improper. Not only wrong as far
22 as policy, it would be illegal. We're certainly not going to reform the
23 contract on an ex parte basis. My understanding is that it was simply for the
24 purpose of reviewing the grant applications today, whether or not there had
25 been a prior failure to provide proper information or communications or

1 other requirements of the grant agreement in the past. That would not
2 foreclose or be any obstacle or be any bias against any application that
3 comes before you today. Remember that these are recommendations and
4 this is not the final action on anything, or even on a motion to go back and
5 look at what happened in the past. Simply on a going forward basis we'll
6 make sure we do a better job keeping that line of communication open and
7 retain it, and we'll continue to do that. Also, as the Director said, practice
8 due diligence and make sure that the Commission and its Staff is doing what
9 it is supposed to do in a way to aid you, but also the appropriate
10 accountability and benchmarks.

11 MS. HAMMOND: Mr. Chairman, as a suggestion,
12 it may not be appropriate, but I'm wondering if this would be an area for the
13 Commission to adopt guidelines. For example, the Virginia Commonwealth
14 Partnership has guidelines that they use for non-performing projects. They
15 determine if a project has met its goal, it might be five percent, and those
16 types of things. It's the type of thing that can be used to draw some lines
17 with.

18 MR. NOYES: We have similar rules in our, the 90
19 percent rule. I don't see any need to change the need for additional
20 guidelines in the program at this time. We have clear instructions from the
21 Executive Committee that when Staff is not able to resolve the situation,
22 make a finding that because of lack of information for whatever reason,
23 bring it before the Executive Committee, and they directed us to do that, and
24 then we do it. We do it every single time. The document itself is better
25 proof.

1 DELEGATE WRIGHT: Mr. Chairman, my final
2 comment is, and that is Delegate Hogan, my colleague, made a statement
3 that all of these people listed here, perhaps others, have broken the
4 contractual arrangements. I'm not a lawyer, and I don't know that, but the
5 ones that I'm concerned about are the ones that their legal people tell them
6 that those contractual agreements are broken, and that is my concern. Of
7 course, if contractual agreements are broken that's one story, but it has not
8 been to use the idea of making future grants because a deal went sour and
9 the locality has applied. That's what I'm talking about. I'm not talking about
10 when a contractual agreement has not been broken.

11 DELEGATE HOGAN: Here's the issue, and the
12 reason these people are before us is that they didn't meet the performance
13 requirements that they signed, and when asked to provide further
14 documentation and an explanation, they did not provide it. That's why this
15 group of applicants is before us. The question then becomes when someone
16 does not meet a contractual obligation and the Staff asks for further
17 information and they refuse to provide it, I don't mean refuse to provide it in
18 a timely manner, but I mean refuse to provide it at all. Are we then going to
19 enter into future agreements with the same communities that are non
20 responsive to legitimate questions. If you want to do that, I guess you can.
21 Basically, what you're saying is that we've got someone who is in breach of a
22 contract, an agreement, will not answer the questions that Staff has asked
23 and our response is let's not worry about that, let's enter into an additional
24 agreement. What makes you think they'll be responsive in the future? That's
25 just not good business and not good management of other people's monies.

1 DELEGATE BYRON: I think Clarke brings up a
2 good point. For the sake of the non-performance and non-communication, I
3 think what Frank is bringing up, as Clarke has reiterated it, the distinction
4 between communication and non-performance. The communities need to
5 communicate the issues at hand to Staff so that they can determine if there is
6 non-performance or not and decide whether to act upon it. The
7 communication has got to be there, and the disclosure has to be brought
8 before the Staff. New applications that have to be acted upon or not, that's
9 what we've got to decide. Frank is saying today that we've got to act upon
10 these grant applications irrespective of what's happened in the past. If it's
11 conditioned upon getting communications, everything that's happened in the
12 past and disclosure to these various issues.

13 DELEGATE WRIGHT: Mr. Chairman, I wasn't
14 saying what Delegate Hogan said I said. I'm not saying throw it all out the
15 window and let people in the community continue to get money. What I'm
16 saying is that I see no evidence where these people or some of these people
17 are not in compliance, and that's my concern. I think they ought to have an
18 opportunity to perhaps make their case rather than someone else saying it,
19 I'm not convinced.

20 MR. OWENS: Senator Ruff, would you restate
21 your motion?

22 SENATOR RUFF: I'll have to repeat the motion.
23 We would not hold any bias on applications today, but before we move
24 forward on any proposal of cash, then these entities that have been sent
25 letters have to communicate with the Staff. The Staff has to open a line of

1 communications to work out any problems.

2 DELEGATE WRIGHT: Thank you. I'll second it.

3 MR. OWENS: Before the disbursement of any
4 other funds.

5 MR. HITE: Mr. Chairman, Ned, if people don't
6 answer their phone or their mail, what form would this take?

7 MR. STEPHENSON: That's not a good
8 characterization of the issues. The localities are cooperative and well-
9 intended. Frankly, historically there has been a culture within the
10 Commission in which these TROF obligations can be ignored. The
11 Commission is pressing us for accountability. The Staff does not sit in a
12 position to judge whether a TROF action is appropriate or not. The
13 Executive Committee reserves that for themselves. Before the Staff can
14 present the findings to the Executive Committee for it to make a decision,
15 we have to have the essential information that was promised in the contract,
16 and we just don't have it. I think that with this amount of conversation
17 today, I think our counties will probably scramble and get what is needed
18 and get it to our table so if it needs to go to the Executive Committee for a
19 decision it can, or it can be resolved at the Staff level and be put away. We
20 have quite a number of these for which we don't have what we have asked
21 for.

22 MR. HITE: What is that number, Ned?

23 MR. STEPHENSON: About 35 TROF agreements
24 we don't have.

25 DELEGATE HOGAN: Mr. Chairman, let me see

1 if I can restate the motion. What we're saying is that we're going to approve
2 these grants, notwithstanding any outstanding problems, but none of the
3 money in these grants will be released until those outstanding problems are
4 resolved. Is that the motion, Frank?

5 SENATOR RUFF: Yes.

6 DELEGATE HOGAN: I'll second it.

7 MR. OWENS: It's been moved and properly
8 seconded. All those in favor of Senator Ruff's motion say aye? (Ayes.)
9 Those opposed? (No response.)

10 MR. NOYES: We're only presenting. What Staff
11 will do is that where there is a pending application before any committee of
12 the Commission and if there is a similar situation we will provide this
13 information to that committee. We would like to have every person who,
14 where the proposed period has expired, step right up and provide us with the
15 information, but the only ones we're going to be concerned about in our
16 public meetings are those where there is a pending matter.

17 DELEGATE WRIGHT: Mr. Chairman, I have a
18 question, and I'd like to have Frank's motion read back. I understood Frank's
19 motion to be that it would not affect the proposals today in any manner. In
20 other words, it wouldn't affect money going forward.

21 SENATOR RUFF: A decision-making process.

22 MR. OWENS: We'll not disburse any funds until
23 after.

24 DELEGATE WRIGHT: I don't see the difference.
25 That's not the way I understood your motion. Would you read that motion

1 back, please? Frank's original motion, the one I seconded, I'd like to have it
2 read back.

3

4 THE COURT REPORTER: "Senator Ruff: I'll
5 have to repeat the motion. We would not hold any bias on applications
6 today, but before we move forward on any proposal of cash, then these
7 entities that have been sent letters have to communicate with the Staff. The
8 Staff has to open a line of communications to work out any problems."

9 "Delegate Wright: Thank you. I'll second it."

10

11 SENATOR RUFF: While he did that, Mr.
12 Chairman, I'd just like to say that any county that is here today is going to be
13 calling the Staff. I don't have any doubt in my mind that that's going to
14 happen, today, tomorrow; I have no doubt that's going to happen.

15 DELEGATE WRIGHT: I would say it's already
16 been done. Some of the counties have made a response, and there's no
17 reason to say they haven't been responsive.

18 SENATOR RUFF: Mr. Chairman, I would say
19 communications is a two-way street, that's why I said in the beginning we
20 have to communicate.

21 DELEGATE WRIGHT: I seconded that motion,
22 and I understood it will not affect the grants today.

23 SENATOR RUFF: In consideration for the grants.

24 DELEGATE HOGAN: Mr. Chairman, the motion
25 was made and properly seconded. The motion was that these grants be

1 approved notwithstanding previous problems, but this money would not be
2 released. That's the motion, and I clarified it. It was seconded and voted on.
3 I guess you could reconsider that, but we're done with that without
4 exception. There's a difference in what Senator Ruff said originally and
5 what he said just a minute ago, and that's what I seconded and what was
6 voted for, and I think that was a little different; what we voted on wasn't just
7 that.

8 MR. OWENS: Right.

9 DELEGATE WRIGHT: I understand we voted on
10 what was originally said, I didn't see the distinction. That's where we
11 disagree, I didn't see the distinction.

12 MR. OWENS: He clarified it. All right, any
13 questions?

14 At this time Britt Nelson is going to come forward and talk
15 about the grant recommendations.

16 MS. NELSON: I'm going to give you some quick
17 background information on each one. The Committee voted at its October
18 meeting to use reserve funds from the FY08 budget for the Southside
19 Economic Development and published a grant deadline of February 1st.
20 This was the third round in FY08. The Staff reviewed 13 applications, of
21 which three requested to be withdrawn and one replacement request
22 resubmitted, and that was by Charlotte County. I would defer to you as to
23 how you would like for these to be handled. We've got eight counties and
24 one city.

25 I'll start with Brunswick County Industrial Development

1 Authority. This is the I-85 Business Center Park Improvement Project,
2 Number 1589. They've requested an amount of \$1.5 million. The IDA is
3 seeking funds to work on a 33-acre site that they're going to develop by
4 combining two existing lots with a third parcel, using some of the Tobacco
5 Funds awarded, the previous awards they've received, as well as acquiring
6 100 acres contiguous to the park being acquired at approximately \$4 to \$5
7 thousand per acre. This will altogether accommodate up to 300,000 square
8 feet of building space with a potential job creation of 300 and private
9 investment up to \$21 million. The county is matching it with \$100,000 local
10 funds through their '08 and '09 budget. Previous Tobacco Commission grant
11 totaled \$1.4 million from fiscal year '02 to '05 for acquisition and
12 development of this park. There's a remaining balance of over one and a
13 half million dollars that we have had discussions with IDA on. The
14 applicant has reduced his request to focus on making the 33-acre site fully
15 graded and served, and withdrawing a portion of the request that would
16 assist in acquiring an additional 100 acres. Therefore, the Staff has
17 recommended a reduced award of \$826,730 for development of the 33-acre
18 site, contingent upon approval of 100,000 in local matching funds.

19 SENATOR RUFF: Did you all take into
20 consideration the Seaboard Rail Line that cuts through that property?

21 MS. NELSON: Yes, IDA has worked very closely
22 with Dewberry to design and provide the Staff a layout to work around that
23 possibility of the line cutting through.

24 MR. OWENS: You heard the Staff
25 recommendation.

1 DELEGATE HOGAN: Mr. Chairman, I move the
2 Staff recommendation.

3 MR. OWENS: It's been moved, and there's a
4 second to follow the Staff recommendation. All in favor signify by saying
5 aye? (Ayes.) Opposed, no? (No response.) The motion carries.

6 MS. NELSON: The next on the list is the one that
7 has actually been withdrawn by the applicant, St. Paul's College.

8 The next is the City of Danville for their Old Belt #1 project -
9 Nanotechnology Products Manufacturing Center. They have requested
10 \$505,971. This is to supplement the recent Southside Economic
11 Development and Special Projects awards, actually \$909 thousand and
12 change has been awarded through Special Projects and two FY08 Southside
13 Economic Development awards, totaling an additional \$757,975 that have
14 been awarded to the project. This is for the renovation of a former tobacco
15 warehouse owned by the city's Industrial Development Authority. They plan
16 to expand existing nanotechnology, as well as provide incubator space for
17 respective high-tech businesses. It's a 48,000 square foot facility, and they
18 plan to create 50 to 75 new jobs. Private investment capital is five to seven
19 million. These new jobs are to pay salaries in the range of 70,000. The most
20 recent award made for this project was the Southside Economic
21 Development Committee, and the project is approved and contingent upon
22 the City of Danville completing total project costs and financing for this
23 project. However, in recent conversations that the Staff has had with the
24 City of Danville, project costs have increased, and they are currently seeking
25 some tax credits as well and this request will offset that increase. The Staff

1 has suggested to them to look at their own financing based on project lease
2 payments. This requested amount would bring the Tobacco Commission's
3 share of the project financing to 49 percent of the increased project costs.
4 This would equate to about \$36,000 per job, but again, these are average
5 wages of around \$70,000. Given the contingency placed on this the last time
6 it was presented and approved, Staff is deferring to the wishes of the
7 Committee to move forward.

8 MR. OWENS: You've heard the Staff
9 recommendation. Mr. Lacy is here from the City of Danville, and I think he
10 would like to address this.

11 MR. LYLE LACY: Thank you, Mr. Chairman.
12 This is a challenging project, and we're renovating an old tobacco
13 warehouse. One of the estimates is in the \$3 million range grant. The
14 preliminary estimates for this were in the \$3 million range, now it's a little
15 bit over four. I think Danville has demonstrated to the Commission,
16 probably to the extent not equaled by any of the other jurisdictions, our
17 willingness and our wanting to bring jobs and investment to Southside. In
18 the last three years we've been able to announce 6,000 new jobs coming in,
19 and this is a piece of that kind of strategy. We do believe that this award,
20 and with other resources, we'll be able to finish this project, and we would
21 not come back to the Tobacco Commission for additional funding.

22 I'll be happy to respond to any questions.

23 MR. OWENS: Thank you.

24 DELEGATE HOGAN: Motion to approve.

25 MR. OWENS: There's been a motion to approve

1 and properly seconded. Any discussion?

2 MR. DAY: What is the current unemployment
3 rate in Danville and Pittsylvania County?

4 MR. LACY: It's been in the seven-percent range.

5 MR. DAY: Is it the highest in Virginia?

6 MR. LACY: I think with Martinsville we're next
7 to Martinsville, second from last. These are new folks that are coming in.
8 This is a different level in the textile and tobacco employment workers. This
9 will add added value to our economy.

10 MR. DAY: I guess the thing I'm curious about is
11 that over the last couple of two or three years we've spent \$35 million down
12 there, and you all have filled up half a dozen industrial parks and still lead
13 the state typically in unemployment. I was wondering what the connectivity
14 is between the money we're spending and getting that rate down.

15 MR. LACY: I think a lot of these jobs are running
16 up, and in the last quarterly census of the metropolitan areas across the
17 country Danville is one of the few metropolitan areas to add jobs. We're at
18 the beginning of that slope, and we think on a quarterly basis from now on
19 we're going to start pushing that level down.

20 DELEGATE MARSHALL: If you look at from
21 '02, our unemployment in Danville and Pittsylvania County is double what it
22 is now. The City of Danville and Martinsville have always been number one
23 and two as far as unemployment. We'll probably still lead the state in
24 unemployment for a number of years, but I think the key thing to look at is
25 the rate is going down. Virginia is going up a little bit because of the

1 recession we have now. It wasn't too many years ago we were at 10 percent
2 and Martinsville was at 17 percent, so we're going in the right direction.

3 DELEGATE BYRON: Are there companies in the
4 warehouse area now?

5 MR. LACY: They're in an adjacent building. We
6 actually have a hole in the wall between them, they're that close. Old Belt
7 #1, and they're in Old Belt #2.

8 DELEGATE HOGAN: Mr. Chairman, when you
9 talk about these tax credits, have you applied for them?

10 MR. LACY: We have hired a firm out of
11 Lynchburg that has expertise in that, and we're working with them on that
12 application.

13 DELEGATE HOGAN: Why didn't you apply for
14 them to start with, and number two, the projects I've been involved in had
15 these historic tax credits, and they would more than cover an increase in the
16 scope of the project. I guess what I'm asking you is would it make sense to
17 max out the historic tax credits, then perhaps use this money to cover the, or
18 to get all you can out of the tax credits for the project first. With a project
19 this size, I think that would be pretty valuable.

20 MR. LACY: The engineering work that's done has
21 estimated that the failure of the historic tax credit, that would be somewhere
22 between 700 and ---- thousand for the project. The applications for those tax
23 credits have to, or you have to do the design, and we're about to initiate that
24 piece of the contract right now.

25 DELEGATE BYRON: Will the credits cover the

1 shortfall?

2 MR. LACY: Not without the application before
3 you today.

4 DELEGATE HOGAN: Mr. Chairman, if you run
5 the numbers you can find out if that will work out. I think this is actually a
6 friendly amendment. I think in Delegate Marshall's motion to say credits
7 first and allocations second. I think that would be part of the motion.

8 MR. LACY: From a design standpoint we're going
9 out to bid. I need to have at that point, when the bid comes in, sufficient
10 funds available to be able to enter into the construction work. That's just
11 normal.

12 MR. OWENS: Do you accept his amendment?

13 DELEGATE MARSHALL: Yes, I didn't hear a
14 second.

15 MR. DAY: I'll second it.

16 MR. FERGUSON: I think that probably would
17 qualify as a substitute motion with the second at this point.

18 MR. OWENS: Do you want to restate that
19 amendment?

20 DELEGATE HOGAN: The substitute motion
21 would be that this be approved, with the contingency that the total amount
22 would be offset first by the historic tax credits and secondly by the
23 allocation.

24 DELEGATE BYRON: Second.

25 MR. OWENS: It's been moved and properly

1 seconded as a substitute motion. Could we have a roll call?
2 MR. NOYES: Mr. Bryant?
3 MR. BRYANT: No.
4 MR. NOYES: Delegate Byron?
5 DELEGATE BYRON: Yes.
6 MR. NOYES: Deputy Secretary Hammond?
7 DEPUTY SECRETARY HAMMOND: Yes.
8 MR. NOYES: Mr. Harwood?
9 MR. HARWOOD: Yes.
10 MR. NOYES: Mr. Hite?
11 MR. HITE: Yes.
12 MR. NOYES: Delegate Hogan?
13 DELEGATE HOGAN: Aye.
14 MR. NOYES: Delegate Marshall?
15 DELEGATE MARSHALL: Aye.
16 MR. NOYES: Mr. Moody?
17 MR. MOODY: Aye.
18 MR. NOYES: Ms. Nyholm?
19 MS. NYHOLM: Aye.
20 MR. NOYES: Senator Ruff?
21 SENATOR RUFF: Aye.
22 MR. NOYES: Delegate Wright?
23 DELEGATE WRIGHT: Aye.
24 MR. NOYES: Mr. Day?
25 MR. DAY: Aye.

1 MR. NOYES: Mr. Owens?

2 MR. OWENS: Aye.

3 MR. NOYES: The motion is carried.

4 MR. OWENS: We have approved this stipulation
5 in the motion.

6 MS. NELSON: Next on the list is Dinwiddie
7 County's Enterprise Center Phase I, and that was withdrawn by the applicant.

8 The County's second request for Project EMJ, Grant Number
9 1588, \$100,000 requested to assist for a site preparation on 9 plus county-
10 owned acres near the interchange of I-85 and U. S. Route 1. That would be
11 sold to a company for construction of a 68,000 square foot steel distribution
12 center. The company is considering the site for a \$5.8 million investment in
13 buildings and equipment. Sixteen new jobs would be created at salaries
14 ranging from 40,000 to 90,000. The project has been approved for TROF
15 funds of 65,000. This request when combined with the current TROF offer
16 represents a cost per job in excess of \$10,000, but it's leveraged with 35
17 private dollars for every dollar the Tobacco Commission would grant.

18 The Staff recommends an award of \$100,000 contingent on the
19 company's purchase of the site and willingness to commit to job creation and
20 investment targets in a TROF performance agreement.

21 MR. OWENS: Staff recommends approval.

22 MR. MOODY: I'd move the project.

23 MR. OWENS: A motion is made to approve it and
24 there has been a second. Any discussion? All in favor say aye? (Ayes.)
25 Opposed, no? (No response.)

1 Next one.

2 MS. NELSON: Franklin County has three
3 proposals within Franklin County's allocation, and the first is from the Blue
4 Ridge Foundation for the Crooked Road Heritage Stage at Ferrum College,
5 Number 1585, and the request is for \$300,000. The Foundation is proposing
6 to construct an outdoor amphitheater with seating for 500 or more on the
7 campus of Ferrum College. The theater will host an estimated six major
8 cultural and college events annually, as well as several smaller events. This
9 will be tied in with the Blue Ridge Folklore Festival, the Blue Ridge Dinner
10 Theater, as well as graduations and reunions. The venue would be managed
11 by the Blue Ridge Institute in partnership with the college and the town.
12 There would be 31 full and part time seasonal jobs anticipated to support the
13 theater, as well as related lodging and commercial facilities.

14 The Staff has noted the facility would enhance the ability to
15 offer programs related to the Crooked Road and Blue Ridge Institute.
16 However, there is a lack of detailed cost estimates, as well as an economic
17 impact study to validate the impact. Without this information it's hard to
18 weigh the use of the facility, as well as tourism destination versus the
19 college and community facilities. It is a low priority of the Commission, and
20 the Staff recommends no award.

21 MR. OWENS: You've heard the Staff
22 recommendation. There's a motion and a second.

23 MR. DAY: Mr. Chairman, a substitute motion. I
24 move we approve it conditional upon supplying all this evidence the Staff is
25 looking for.

1 MR. OWENS: You've heard the motion, and
2 there's no second. All in favor of accepting the Staff recommendation
3 signify by saying aye. (Ayes.) Opposed?

4 MR. DAY: No.

5 MS. NELSON: The second request made by
6 Franklin County is for the Pigg River Part at Rocky Mount, Number 1586.
7 They are requesting \$200,000 to construct three whitewater wave features in
8 an existing park owned by the Town of Rocky Mount. The county is
9 currently undergoing a permitting process to continue a much larger project
10 nearby that would remove an obsolete power dam and restore the natural
11 flow of the river and providing a longer path for the community and other
12 outdoor water recreational use. The economic impact of the park is reported
13 to be 500,000, resulting in a job creation of five, based on similar parks in
14 Wyoming and Virginia tourism statistics. There was a Tobacco Commission
15 Special Projects grant of 60,000 in FY06 that assisted to have a preliminary
16 part for planning and design. The County is proposing to match with
17 \$75,000 of local funds.

18 Very similar to the previous request, there was a lack of an
19 economic impact study, and this phase is a small portion of the envisioned
20 project to remove a much larger component, and that may provide a larger
21 impact. That much larger component may provide a larger impact. Absent
22 that supporting evidence, it is difficult to quantify economic impact from
23 tourist visitation and to weigh the use of the facility as a tourism destination
24 versus a local recreational amenity. This is a low priority of the
25 Commission, and the Staff recommends no award.

1 DELEGATE WRIGHT: I move we accept the
2 Staff recommendation.

3 DELEGATE MARSHALL: Second.

4 MR. OWENS: You've heard the motion and a
5 second to accept the Staff recommendation. All those in favor say aye?
6 (Ayes.) Opposed? (No response.)

7 DELEGATE HOGAN: Mr. Chairman, I'd like to
8 make a motion under the one objection rule that we take these up in a block.

9 MR. OWENS: Hear them all at once. Does
10 anyone have any objection to that?

11 DELEGATE HOGAN: People can object if they
12 want to hear more about it; other than that, I'd propose we take them up in a
13 block.

14 MR. OWENS: Go ahead and read the name and a
15 very brief summary.

16 MS. NELSON: The next one is the Town of
17 Rocky Mount for Franklin County, Rocky Mount Joint Industrial Park Phase
18 II, Number 1584, a request of 421,000. Funds are requested for a Phase I
19 improvement to an access road and water sewer lines to serve a 69-acre rail-
20 served industrial site acquired by the town and known as the Cox property.
21 A Tobacco Commission grant of \$330,240 was awarded in July of 2006 for
22 a preliminary engineering and installation of rail access. Engineering is
23 ongoing, and the rail construction is pending. The site is strongly endorsed
24 by the regional Economic Development Partnership as one of the top five
25 rail-served sites in the region and has been actively marketed by the railroad

1 that serves the site. The town and county intend to jointly market and
2 develop the site but desire not to subdivide or grade until a company locates
3 and the specific needs are known. The applicant estimates the site would
4 accommodate up to 400,000 square feet of new buildings, with potential new
5 employment of 700 jobs. There are matching funds from VDOT and the
6 town.

7 The Staff feels that part of our review included noting that the
8 new rail serving the site would continue to focus on the expansion of the
9 joint town/county industrial park and both governments will benefit from the
10 development and tax revenues of any future development. Staff
11 recommends an award of \$421,000 from restricted funds.

12 MR. OWENS: Just make a brief summary.

13 MS. NELSON: The next project is Greenville
14 County, Southside Virginia Education Center Phase I and Phase II, Number
15 1577. This project was withdrawn by the applicant and was replaced by the
16 Greenville Mega OEM Site, Number 1594, and the amount requested is
17 \$189,404. The county in partnership with VEC and the Tobacco
18 Commission Staff are aware of the continued engineering studies and design
19 for the 1500 acre site, and this has been certified as a Mega site for CSX
20 Railroad, as well as the town and the county. Funds are requested to
21 continue engineering studies and environmental assessment.

22 The Staff has recommended \$189,404 from restricted funds.

23 MR. OWENS: All right. The next one.

24 MS. NELSON: The Candidates Incorporated,
25 Number 1587, requesting \$250,000. Funds are requested by a private

1 applicant to purchase and upgrade an existing property in the Town of
2 Clarksville. This is a non-profit corporation in the State of Virginia and
3 have filed, but they don't have that in-hand.

4 Staff is recommending no award.

5 The Town of South Hill, within the Mecklenburg allocation for
6 Industrial Sites Wetland and Stream Remediation, Number 1578, is
7 requesting \$281,800. This is requested to construct a wetlands on the 21.4
8 acre site of a former sewage lagoon. This would be used for expanded
9 industrial sites in three local business parks, Interstate, Hillcrest and
10 Roanoke Regional. This would help with wetlands remediation type credit
11 that can be used to develop the site within parks.

12 The Staff recommends an award of \$281,800 from restricted
13 funds.

14 Next on the list is Pittsylvania County Berry Hill Road
15 Industrial Project, Number 1581. The requested amount is \$3,548,925.
16 These funds are requested to extend water and sewer service 3.5 miles to a
17 1300-acre site that's been purchased by a private company for industrial
18 development. Also an adjacent site of 2,000 acres could also be served, a
19 future prospect.

20 The Staff recommends a TROF offer was made for the 1300-
21 acre project. That has expired, but there has been evidence of ongoing intent
22 to develop the project. The Staff recommends an award of \$3,548,925 from
23 restricted funds, contingent upon the county securing right of first refusal to
24 purchase the 1300-acre property if the company chooses to sell land served
25 by these improvements.

1 MR. SLEEPER: Mr. Chairman, the county is
2 going to have documents in hand for the first right of refusal.

3 MS. NELSON: Prince Edward County Business
4 Park Development, Number 1582, restricted and Number 1583, unrestricted.
5 \$193,510 is requested for the infrastructure site preparation for three lots on
6 25 acres of undeveloped land in the business park. The county and the
7 Partnership and VEDP are working on a prospect that would locate. There
8 has been a total of 900,000 awarded in the past from Southside Economic
9 Development Committee and TROF for buildout of a shell building, and that
10 is now occupied by an employer. The request is well matched by local
11 funds.

12 Staff recommends an award of \$193,150 from restricted funds.

13 DELEGATE MARSHALL: Mr. Chairman, I
14 make a motion that we accept the Staff recommendation.

15 MR. HARWOOD: Second.

16 MR. OWENS: It's been moved and seconded.

17 DELEGATE HOGAN: Mr. Chairman, I make the
18 suggestion that we take the Town of South Hill out of the block.

19 MR. OWENS: You want to take the Town of
20 South Hill out of the block?

21 DELEGATE HOGAN: Yes.

22 MR. OWENS: A motion has been made that we
23 accept all the Staff recommendations in the block, with the exception of the
24 Town of South Hill.

25 MR. DAY: Mr. Chairman, I have a question on

1 the Berry Hill project, grant 1581. Is that a typo, or in fact are we
2 anticipating 88,700 per job cost?

3 MR. PFOHL: For the first phase.

4 DELEGATE HOGAN: Mr. Chairman, I'm
5 assuming that the job associated with this 1300-acre site is not going to use
6 the whole 1300-acre site, is that true?

7 MR. PFOHL: Our understanding is that there will
8 be a second phase.

9 DELEGATE HOGAN: They are going to use the
10 whole 1300-acre site?

11 MR. PFOHL: Beyond the second phase I'm not
12 sure.

13 MR. SLEEPER: To serve the Berry Hill area on
14 the 2,000 acres which have, 1500 more acres besides that. The 1300 is
15 completely separate from that. Another company would purchase that.
16 They bought 1300 acres, more than 50 jobs.

17 DELEGATE HOGAN: Is this industry going to
18 buy this property?

19 MR. SLEEPER: One industry owns 1300 acres, if
20 that answers the question.

21 DELEGATE HOGAN: If the industry already
22 owns and if they don't come, do you want to buy it from them?

23 MR. SLEEPER: No, that was part of the issue at
24 the time we had not closed on the property when this had been submitted,
25 and Ned had a good point. We put \$4 million worth of sewer in, and they

1 don't do anything, they can sell that land for a lot more money. We went
2 and got an option that we would have the first right of refusal to that. I was
3 just making sure that there was no contingency.

4 DELEGATE HOGAN: What do you need the
5 three and a half million dollars for if they're buying the land?

6 MR. SLEEPER: Water and sewer has to go to that
7 site. Besides the 1300 acres there are 3500 acres more as a regional
8 partnership.

9 DELEGATE HOGAN: Mr. Chairman, the
10 question being asked, it looks like a big number, but in fact it's not. This
11 three and a half million dollars is not necessarily related to just those 50
12 jobs.

13 MR. OWENS: Any other discussion on it? All
14 those in favor of accepting the block with the exception of South Hill signify
15 by saying aye? (Ayes.) Opposed? (No response.)

16 DELEGATE HOGAN: I have a question for
17 Frank. I don't have any objection, but to me I don't remember the bill. We
18 adopted a piece of legislation in this last session, that I believe passed, that
19 created contingencies or issues involving the localities owning their own
20 land banks.

21 MR. FERGUSON: I'm sorry, I'm not familiar with
22 that.

23 DELEGATE HOGAN: Do you remember that?

24 DELEGATE WRIGHT: The Staff didn't
25 recommend it.

1 MR. OWENS: 1578.

2 DELEGATE WRIGHT: No, I don't recall.

3 SENATOR RUFF: Mr. Chairman, I think two
4 bills went with trading and selling those credits.

5 DELEGATE HOGAN: You're right. Okay, that
6 answered my question.

7 MR. FERGUSON: I understand this establishes
8 wetlands and federal requirements.

9 DELEGATE HOGAN: Frank is right; I knew
10 there were some restrictions. It puts restrictions on localities to do that.

11 MR. OWENS: Do we have a motion to approve
12 that?

13 DELEGATE HOGAN: So moved.

14 MR. OWENS: We have a motion and a second.
15 All in favor signify by saying aye? (Ayes.) Opposed? (No response.)

16 MS. NELSON: Charlotte County, the drain field
17 system serving that failed, and they are under, and the Department of
18 Housing has required them to hire a sewage handler to haul the flow away at
19 a cost of \$900 a day. This is a very urgent time situation. Rather than try to
20 replace the drain field, the county is proposing to move forward with a phase
21 of their regional countywide system that would ultimately connect Charlotte
22 Courthouse and Drakes Branch. The Commission awarded a grant
23 previously of \$55,000 to the county to establish this regional structure for
24 water and sewer, as well as the authority. The county voted that they would
25 rather spend the money working on the phase rather than the drain field.

1 The company is working the sewer line to the Drakes Branch sewage
2 treatment facility. The requested amount is \$320,905.

3 MR. OWENS: It's been moved and properly
4 seconded that we approve the project. Any other discussion? All those in
5 favor signify by saying aye? (Ayes.) Opposed, no? (No response.)

6 All right, next on the agenda is a discussion of the Southside
7 formula.

8 MR. NOYES: The question is should the Purcell
9 community revitalization formula "J", dated 4-12-2000, used by the
10 Commission from 6-8-200 until today, be terminated with the provision that
11 all monies so allocated prior to today be reserved for use in the jurisdiction
12 to which they were originally allocated?

13 The arguments in favor of maintaining the current formulary
14 are familiar to each of you, and I will not take the time today to revisit them,
15 except that I want to say that Chairman Hawkins has asked me to
16 communicate to all of you that he opposes any continuation of the Southside
17 Economic Development allocations. The Chairman's position is that
18 allocations constrain the flexibility of this Committee in considering
19 revitalization opportunities throughout southern Virginia. There is no
20 statutory requirement that there be a formulary. No other committee of the
21 Commission operates on the basis of allocation. Any formulary ignores the
22 interdependency of political subdivisions within a region. As was pointed
23 out in the analysis prepared by Shemora Economic and Analytic, the use of
24 boundaries to allocate funds may impede the Commission's goal to revitalize
25 tobacco dependent communities if awards to viable projects are not made

1 because the amount of funding exceeds the allocation of the locality. The
2 matter of spend forward allocations was cured by action of the Committee in
3 fiscal year 2008. This was a precondition for your discussion and vote today
4 to continue, modify, or end allocations.

5 A hybrid approach is no more or less equitable than the existing
6 arrangement. To the extent that any sums allocated are unavailable for use
7 as a majority of this Committee may deem appropriate, your flexibility is
8 diminished, and opportunities may be foreclosed. Should you choose today
9 to end the use of a formulary, your Staff will be pleased to provide this
10 Committee with an analysis of how outcomes differ significantly in relation
11 to the measure specified in the Commission's Strategic Plan. I would note
12 that in terms of where funds were used in Southwest Virginia where there is
13 no formulary, that Committee's recommendations pretty closely mirror
14 where it was that the most tobacco was produced, with one notable
15 exception, this being that the largest single money category of financial
16 awards, not numbered awards, but total amount of the awards, was for a
17 regional initiative, rather than projects specific to a single jurisdiction.

18 Thank you, Mr. Chairman.

19 MR. DAY: Almost a year ago on June the 20th I
20 wrote a letter to Chairman Hawkins and to the Staff that laid out my feelings
21 and thinking on this issue. With your permission I'd like to read it into the
22 record.

23 "For some time now, I have had a nagging undertow of doubt
24 about the path we as a Commission are following and, as a result, have
25 devoted a considerable amount of time to thinking about that doubt in some

1 effort to chase it away. Alas, it won't go away. In fact it has hardened to the
2 point that I am now convinced that if we stay on our present course we will
3 fail.

4 The seeds of this inevitable failure were, I believe, sown in the
5 beginning with our original charge of revitalizing or 're-inventing' the
6 'tobacco region' economy. This simply cannot be done for one or two billion
7 dollars. I doubt it can be done for a hundred billion.

8 A billion dollars is a lot of money and, simultaneously, not
9 much. It will buy one tricked-out stealth bomber, pick up our tab in Iraq
10 Monday through Wednesday and float the Commonwealth of Virginia's
11 annual budget for about ten days. It will not, long-term, revitalize the
12 economy of a distressed region.

13 Perhaps the case would be different if our economy was closed,
14 if it was confined to the artificial and arbitrary boundary we have used to
15 define Virginia's 'tobacco region.' But that is not the case. Our economic
16 tentacles reach around the world -- and the world's reach in to us. In a real
17 sense, this tobacco boundary defines a region that exists only in our
18 thinking.

19 Laying aside our legislative mandate, we have fertilized and
20 watered the seeds of our own failure with how we have chosen to structure
21 and govern ourselves, with how we have chosen to allocate -- in basically a
22 'might is right' fashion -- the spoils of this endeavor.

23 We have decided that one 'tobacco region' is not enough and
24 made two -- flue-cured and burley -- and have allocated funding to a
25 collection of nation-states within these two regions based on nothing more

1 than some historic 'tobacco footprint' characteristic. In the abstract, I
2 suppose we could have done worse, but in reality this fractured structure has
3 hindered our best intentions.

4 Not only has it pitted region against region and local
5 government against local government, but in many cases it has fostered
6 spending for spending's sake -- spending without impact -- spending
7 sometimes based on little more than availability of funding.

8 And that's the upside.

9 The downside is that this approach has incubated a sense of
10 entitlement -- a sense of 'this is our money, regardless' -- and forced all of us
11 to think smaller. We have become little more than what I will call 'YIMBYs'
12 -- (Yes! In My Back Yarders) -- with little thought beyond our own fences.

13 And, believe me, I plead guilty first on this one! (I actually
14 argued for -- successfully -- funding for -- God forbid! -- a covered bridge
15 festival!)

16 The result has been hundreds of millions of dollars spent on
17 hundreds of good projects -- a few miles of sewer line here, a shell building
18 there, community centers, new technologies, helter-skelter infrastructures,
19 various and sundry 'institutes,' 'partnerships,' 'initiatives' -- and on and on
20 and on. The list is imaginative and endless. And here is the thing: every
21 single one of them have been good and worthy in their own right. But what
22 nags at me is this question: "Will any of them make a 100-year difference?"

23 I don't know how you would answer that question. I know the
24 answer that comes to me.

25 I may be off base here -- and I ask forgiveness if you think I am

1 -- but it seems to me that we must think bigger -- a lot bigger. We must tear
2 down the constraints, these artificial boundaries we've imposed upon
3 ourselves -- and upon our thinking -- and swing for the 100 year fences. We
4 can do that, I believe, if we focus the billion dollars we have remaining --
5 not on hundreds of 'be nice to haves' -- but on one or two moon-shot-
6 equivalent projects.

7 In business school once I read a case study on how not to
8 design an incentive program. This is a true story. A renowned religious
9 scholar put together an archaeology dig in Israel during the summer. He
10 hired a bunch of locals and told them that he'd pay them a quarter -- twenty-
11 five cents -- for every piece of pottery they turned in. It was only later that
12 he realize they were digging up intact, 2000-year-old urns, taking hammers
13 to them and turning them in a piece at a time.

14 My sense is, despite our best intentions, we're breaking up the
15 urns."

16 MR. OWENS: All right, you've heard Mr. Noyes
17 and Mr. Day. I will open this up for discussion about the formulary. Any
18 comments?

19 SENATOR RUFF: Mr. Chairman, I'll respond to
20 that letter. We're not one community. We are a number of communities
21 varying in sizes. One A-bomb in one pot is not going to serve all of
22 Southside. I'll take issue with your belief that spending all the money in one
23 spot is the answer to anything.

24 MR. OWENS: Delegate Wright.

25 DELEGATE WRIGHT: I want to commend

1 Barnie on his excellent job of writing that piece, although I disagree with
2 practically all that was said. The localities and communities have done what
3 we asked them to do. If anybody is at fault, we need to go back and change
4 the guidelines. We've done it several times. I can think of a lot of good that
5 has been done. In my counties it has provided very needed help. It is
6 unusual, and I represent an area, as far as the tobacco quota, that ranks up at
7 the top or near the top and the very bottom. Every single one of my
8 localities wants to keep allocation. The reason is very simple. They want to
9 know that they're going to have something to work with in the future. The
10 way we've done it is that we haven't forced them to spend the money each
11 year. Then the money rolls over to the next year. If the project is not good,
12 then the Staff has the ability to reject it. What the Commission needs to
13 have is the fortitude to back the Staff recommendations and give them the
14 guidelines they want. I think Barnie's approach and the approach to do away
15 with the allocation is going to throw the baby out with the bath water.

16 You mentioned this entitlement. In the very beginning we were
17 told to go back to your communities and tell them to work on projects. We
18 had a meeting at Longwood at which we got economic development for
19 these localities and got together, and the goal of the Tobacco Commission
20 was laudable. I'm not going to say there haven't been any mistakes made,
21 there have been some grants made that maybe shouldn't have been and some
22 politics played on getting grants passed in certain areas that maybe shouldn't
23 have been. I'm saying we can improve on that. We've got TROF funds and
24 other areas of development, like the Broadband initiative is a very good
25 example of what we can do as a Commission. But, I think that having told

1 the localities early on this money is intended to help you revitalize
2 communities, and get to work, and these are the guidelines, work with the
3 Staff ,and so forth. Now we're going to turn around and tell them we're
4 going to take every bit away from them. I don't think that is right at all.

5 Another thing, this is one of the few pots of money that is
6 divided between Southside and Southwest that actually reflects the tobacco
7 quota. Burley tobacco is grown in Southside, too, not just Southwest. In the
8 year the quota was figured in 1998, Southside Virginia grew 77 percent or
9 more of the total amount of tobacco raised in the Southside, and Southwest
10 region 23 percent or less. That includes burley and flue-cured tobacco.
11 That's another reason I hate to see this disbursement of funds go away. It's
12 one of the few ways Southside actually gets close to its share of the money
13 that is should get. Likewise, I think it's distributed fairly according to each
14 county's allocation, the quota in 1998, that doesn't stop them from getting
15 TROF funds and other funds. I think we're getting way off course. I think
16 securitization may have placed us in a position having this pot of money,
17 and we kind of get our hands on, and I think we should go slow and take our
18 time and think of other ways to secure this billion-dollar pot and make sure
19 it's spent properly without first doing this in Southside Virginia. So, I'm
20 definitely opposed.

21 MR. OWENS: Mr. Day.

22 MR. DAY: Mr. Chairman, I take issue with the
23 point that Tommy makes. I don't think we have to spend any bad money. I
24 do not believe that we have yet done anything that will make a hundred-year
25 difference in Southside Virginia's economy. When I talk about moon-shot-

1 equivalent project, let me give you an example, and this is just one, I'm not
2 saying it is the example. What would be the impact, just for discussion's
3 sake, if we took half a billion dollars and gave a hundred million to each of
4 five universities in Virginia and charged them with finding a way to burn
5 coal with zero emissions in ten years? Think of what that would do to the
6 economy. It would touch every individual in this state, like the miners, the
7 coal companies, utilities, the railroads, the shippers. It would have a
8 worldwide impact. We've got 300 years worth of energy in the ground in
9 western Virginia but no way or impetus to take advantage of that. To me
10 that would be a moon-shot project. It would have enormous long-term 100-
11 year impact.

12 My great fear is this. We are half way home, we had basically
13 two billion dollars and we've spent half of it. It's going to be real easy to
14 spend the other half on all of these good projects. At the end of the day
15 we're going to be able to say we did this and this. Ask yourself honestly
16 what have we done so far that really makes a damn bit of difference? I don't
17 see it. I know this proposal to do away with this formula is difficult because
18 it will force us as individuals to vote against our own, best short-term
19 interest. It's no secret that this Commission is legislatively driven. You
20 ladies and gentlemen who are still in the Legislature are forced by the
21 structure we're using to go to constituents that you represent and say no, and
22 that's a hard thing to do. I don't expect anybody to do that. I do it myself,
23 and I get pounded on at home. I get every lame brain idea you can think of
24 coming to me wanting tobacco money. I think we all get that. Some of
25 them are good, and some of them ridiculous. In some instances we are doing

1 the equivalent of putting up Ferris wheels. I think it has good short-term
2 positive feedback, but when you ask yourself is it making a difference and
3 reinventing the economy, the answer is no. I say this as the author of the
4 first memorandum in the state suggesting to Jim Gilmore that we use our
5 share of the Master Settlement Agreement to set up the Tobacco
6 Commission. We're the only state that did that, and I think it was a good
7 thing, and I thought it was a good thing then. I just think it's time to
8 reassess.

9 MR. OWENS: Delegate Hogan.

10 DELEGATE HOGAN: I have a couple of
11 thoughts in mind. One is that if we were to do away with the formula we
12 would in effect have a Special Projects Committee for Southside. That begs
13 the question what do we have a Special Projects Committee for, then? We
14 have Technology, and we have Education. We could try to fit those projects
15 into those three streams. We've done this with some success, and we've seen
16 projects from all of those areas in Southside on a pretty regular basis, and
17 there's a lot of what you call pollination between the committees. I'm sitting
18 here wondering if we do away with the formula, ought we not to look at
19 what are they doing. If we're going to have a Special Projects Committee, in
20 effect it will be Special Projects, and that's what we're going to look at; in
21 fact that's what this proposal would accomplish.

22 To follow up on what Delegate Wright said, why don't we take
23 a look at these other committees and see what we can do, what are we doing
24 and why are we doing it. I'd also say the localities have done exactly what
25 we told them to do, and they've applied for this money. One of the things I

1 think Senator Ruff has done with Education, and I tried to do it with
2 Technology, is to drive the conversation where the committee sits down
3 together and decides what we want to fund and what we want to accomplish,
4 as we are stewards of these funds, and we're responsible for them. We've
5 said here are our goals, now make applications to accomplish these goals.
6 That's not what we've done with this committee, at least in my time on it. It
7 seems to me we ought to take a look at what kind of applications are we
8 going to take if we were to pool these funds.

9 Number two, if we do pool them, what role then does Special
10 Projects in particular play, and what do the other two committees play?
11 Number two, if we do pool them, what role then does Special Projects in
12 particular play, and on a broader sense, what do the other two committees
13 play? If you're going to split these funds, maybe we should roll Technology
14 into Southside. I wouldn't presume to say that with Senator Ruff's
15 committee, but if you look at it that way -- I think part of this discussion
16 about the formula has to be what applications are we going to take and how
17 are we going to take them and what is our agenda as a Commission with
18 these funds?

19 I would say this in response to Delegate Day's comments about
20 giving the institution a hundred million dollars a year for coal research. I
21 would suggest that we give them a hundred million dollars a year now, and
22 in some cases more than that. I think if we do that, that Southside Virginia
23 at least 20 years from now after that technology was developed would be
24 exactly where it is right now. If we want to make sure these funds come to
25 this area, we've got to make sure these funds are spent in this area in a way

1 that appreciates our economy.

2 I guess what I'm saying is that when you ask the question about
3 the formula, and if we're in the frying pan and we're getting ready to jump in
4 the fire, I'd like to at least know what the fire looks like and how it fits in
5 with these other projects.

6 SENATOR RUFF: Mr. Chairman, if you reflect
7 back to the Minutes of the May meeting in 2007, I raised that issue for the
8 purpose of the Special Projects Committee. Originally, that was set up to
9 deal with some of the smaller communities that were not getting some of the
10 benefits. Once they created that committee it was changed to make it more
11 jurisdictional.

12 I would like to respond to Barnie's comment about what we've
13 got to show for what we've done. We've got a lot to show, and a lot of jobs
14 have been created. If those jobs had not been created, those families would
15 have moved out of Southside Virginia. Was it global for him, no, but was it
16 global for us, no, but it was damn well needed. I would disagree with any
17 statement like that.

18 The third point I would make is, as I look around this room, if
19 you're from a particular county not in the Legislature you're representing that
20 county more than you're representing the rest of the region. If you're in the
21 Legislature, you're representing the district you represent. I don't know of
22 anybody that has a district with as many large counties' allocation and as
23 many small counties' allocation. I understand both sides of the argument. I
24 think we do need to reflect upon this.

25 One consideration, and it's not a motion at this point, possibly,

1 or maybe we should consider, maybe we should suspend this for a year or
2 two, the requirement of the allocation, and see if anybody is getting damaged
3 or harmed in that process. If we find there's no damage, then move forward.
4 If we find it's destroying communities and job opportunities, then we don't
5 move forward.

6 DELEGATE BYRON: I would agree with some
7 of those thoughts as maybe the way that we should go forward. I think in
8 reference to Delegate Hogan's statement about the committee structure, the
9 Special Projects Committee, to my understanding, was originally formulated
10 to deal with things that didn't fit within the structure of our other
11 committees. According to the guidelines, some of the committees' structures
12 also put some limitations on certain economic growth factors, such as
13 Technology and budgeting certain amounts. We continue to relook at that
14 budget the same as Agriculture and some of the other specified committees
15 that we have. We continue to do that with some research dollars and with
16 budgeting or with funds that might be a little bit more threatening to people
17 because it has a higher amount on it when it comes to the economic
18 development factors, the investments that need to be made to get to a certain
19 point. The way we can do that, as Senator Ruff said, is a pilot program, per
20 se, have a structure for a specified period of time. We really feed on each
21 other. I don't have as much tobacco in my particular district, but at the same
22 time we have good infrastructure that created a wonderful opportunity for
23 people to help. People travel across jurisdictional lines all the time, and we
24 all can benefit from Southside. There are some limits on how far you can
25 go, but we can all benefit.

1 I think we've become a little bit stagnant in some of the
2 applications that we have seen. There are a lot of good projects that come
3 before us, but after a time we really want to start looking for that job
4 creation and economic incentive and really get back to looking at great
5 projects. Just because there's not a set figure there for each locality to focus
6 on, and by taking that focus away, that would allow them to go back and
7 think bigger. Look at projects as far as what they're worth, and go from
8 there. I think maybe we need to consider doing something different and
9 looking more forward trying to help develop these opportunities for our
10 communities.

11 MR. NOYES: Delegate Hogan raises a very good
12 point talking about the structure itself. I would suggest to you that there may
13 well be a matter that is addressed by the Blue Ribbon Advisory Panel. I've
14 attended all of the meetings, and Ned and Tim, and this is something that
15 they are actively looking at. When we get those recommendations we'll
16 bring that back to the full Commission, and at that time we can go over them
17 thoroughly. I think what Delegate Hogan and Delegate Byron have said is
18 very appropriate. So there is a process under way that we'll get into this, and
19 we can explore it and see what we can come up with. I think we'll find it
20 very interesting, what the Blue Ribbon Panel comes up with.

21 A second comment that I have is that a couple of years ago
22 when we updated the strategic planning, we set specific outcome measures
23 in relation to different activities, what the Commission had historically
24 engaged in. Obviously, those are different for Technology and Economic
25 Development and Agribusiness, never forgetting job creation in the private

1 sector and capital investment.

2 Those are the things that the Southside Economic Development
3 Committee is working towards in terms of a measurement. For example,
4 Technology, certain benchmarks of expansion in terms of access. So, we're
5 looking forward to receiving these recommendations from the Blue Ribbon
6 Panel.

7 MR. DAY: Mr. Chairman, I appreciate what
8 Delegate Byron expressed, and Senator Ruff. I think Kathy said it very well.
9 I don't mean to sound negative when I say that, but God Almighty, if we
10 can't look inward on ourselves and assess how we're doing. It seems to me
11 one mistake it's easy to make is if we think job creation and buying jobs are
12 the same thing. I do not believe that. I think that despite our best efforts in
13 so many instances we literally are buying jobs and in some cases paying
14 \$88,000 apiece for them. Our economy long-term built on bought jobs is
15 like putting a strong building up on a sand foundation. It looks good and
16 holds for a time, but long-term it's going to be unsafe.

17 DELEGATE WRIGHT: Mr. Chairman, when
18 Bernie made these comments about the coal, that's one of my worst fears.
19 The General Assembly has directed us --

20 MR. DAY: -- I'm not beating the coal, I just used
21 that as an example.

22 DELEGATE WRIGHT: Thank you. The General
23 Assembly has set out in legislation saying this money is supposed to be
24 spent for economic development and indemnification. And, I understand
25 coal and what it can do for the community and many ideas where it affects

1 the global communities. My concern is for the businesses and for the people
2 who have worked in Southwest and Southside Virginia; it's a tough time
3 right now. We don't need to worry about spending a half billion dollars
4 trying to develop coal technology. That's for the business community to do.

5 MR. DAY: With all due respect, you missed my
6 point that I was making.

7 DELEGATE WRIGHT: Anything that spends
8 money outside of Southside and Southwest Virginia, I do not agree with. If
9 the General Assembly sees that we start doing that and it's going to be spent
10 on things that do not affect Southside and Southwest, they'll send it out to
11 other areas of the state that have a need. I do agree with Clark and Frank
12 and Kathy, there is too much power concentrated in too few hands in the
13 Tobacco Commission. The Chairperson and the Executive Committee have
14 all the power. One suggestion will be no chairperson sit on the Executive
15 Committee. That would take care of a whole lot of it. As it is now, very few
16 people have access to those two groups and really have very little power.
17 That needs to be changed. I do agree with both those comments. I think it's
18 very important that we see that the money is spent as said by the General
19 Assembly in Southside and Southwest Virginia to revitalize those particular
20 areas.

21 MR. BRYANT: Mr. Chairman, I agree with what
22 Delegate Hogan says and what Senator Ruff said. I didn't hear what you
23 were saying about the power in too few hands. You were talking about this
24 hybrid plan creating a 50 percent pool fund and 50 percent allocation. I'll
25 back off of that, I don't think it's appropriate to bring it forward, but I do

1 have problems in the formula at this point. The Blue Ribbon Commission
2 has been charged to bring the record to us. I haven't heard from the people.
3 I think it would be preemptive for us to come today and make a decision on
4 this formula. I also would like to see the budget that we're going to have.

5 DELEGATE HOGAN: Let me see if I can give
6 this a try. We could do a couple of things. We could suspend acceptance of
7 applications for Southside under the formula, not take any applications, then
8 we could spend some time looking at this issue. I think, before we do away
9 with the formula, before you open up this pool of \$15 to \$20 million, but I
10 can guarantee if we do that, we're going to get these applications coming in
11 here and they'll try to better each other, and that's where this is going, if we
12 don't answer a couple of questions before we do it. How are we going to
13 consider applications, and what are we looking for? How are we going to
14 decide how this money gets spent? It's easier for us to have these
15 communities apply and for Staff to make an evaluation and for us to sit here
16 and run through these applications like we do. In all fairness, I don't have a
17 clue which one of these projects is going to create the most jobs right now,
18 but we've got a formula, meets the guidelines, and the localities can come
19 forward and we approve it. That's been that way as long as I've been on the
20 Commission. C. D. and Senator Ruff could speak to that. So, it makes sense
21 to me to suspend the application process under the formula rule. Before we
22 put this money out there, we've got to spend some time working on these
23 issues. If we don't, I can guarantee you we'll start a blood bath that we will
24 regret.

25 MR. HARWOOD: Mr. Chairman.

1 MR. OWENS: Mr. Harwood.

2 MR. HARWOOD: Mr. Chairman, I have heard
3 good arguments on both sides of the fence, to be honest with you. If I had to
4 vote right now I don't know which way I would vote, but I think one very
5 positive statement has been made. We do have this Blue Ribbon
6 Commission looking at us from the outside. I would like to hear what they
7 have to say. I notice here we're not going to meet again until January 7th of
8 2009.

9 MR. OWENS: The Committee would meet ahead
10 of that.

11 MR. HARWOOD: I'd like to pose a suggestion,
12 that is to wait until the Blue Ribbon Commission comes up with their
13 finding; then this Committee could reconvene and discuss this.

14 DELEGATE BYRON: I haven't heard anything
15 about the Blue Ribbon Commission, as far as meeting with them, unless it's
16 coming up next month. I don't know of anybody saying that the
17 applications, we have to be stagnant in that. The localities are still actively
18 trying to find projects, and we're not trying to stop growth or economic
19 development. I see no reason why, unless somebody tells me why, we need
20 to stop the applications from being acted upon. Maybe we need to change
21 some things, or the way people look at these, or the way they look at these
22 projects. We have to know how to deal with them, and we have guidelines.
23 I don't see why we need to stop the projects.

24 DELEGATE HOGAN: I think what you'll see if
25 we do away with the formula right now, and if we say we'll do away with the

1 formula, you're going to see a bunch of \$12 and \$13 million applications. I
2 think that's what will happen.

3 MR. DAY: Is that a good thing or a bad thing?

4 DELEGATE HOGAN: That's a good question,
5 and the answer is, it depends on the application. My point is that I think we
6 have a responsibility to say before we open the flood gates, we sat down and
7 talked about it as a committee and we decided the things we wanted to try to
8 accomplish, and we'll take a look at your proposal to accomplish that goal.
9 Until we define these goals, we don't do that, and then everybody that needs
10 \$12 or \$13 million, and I can think of places in my district that would like to
11 have it, and I know you can, too. If we stack those things up, what are we
12 really trying to accomplish? I think Senator Ruff, the way he runs
13 Education, has largely avoided that if the Committee decided how they
14 wanted to spend that money. In Technology we decided how we wanted to
15 spend that money, and maybe there's a certain percentage who feel that we
16 did that wrong but at least we decided, and that's our responsibility. I think
17 you've got to do that before we cut loose and start looking at these
18 applications, because they'll vary from water and sewer infrastructure to
19 R&D, building schools and new industrial parks and wetlands, to building a
20 new race track. There'll be everything in there that you can imagine, clean
21 coal will be in there, switch grass and everything, even covered bridges. I
22 think we've got to spend some time looking at how that's going to work; then
23 we have to ask ourselves, how does this differ from Special Projects? If you
24 look at Special Projects, it's stuff that could have gone through Economic
25 Development but didn't because there was not enough money.

1 MS. NYHOLM: I think you just hit the nail on the
2 head for me in saying that. In those other committees you pride yourself in
3 defining your moment. I think you said that to this Committee. If you do
4 away with the formulary, this Committee then has to determine its mission
5 and how to define its objective and what is the return on investment, what do
6 you spend per job to create that, or how do you find what are meritorious
7 projects. That's what we have to do, and we're not going to charge ourselves
8 with that until we decide to not have the formula. To go forward with bigger
9 and broader measures, we have to define it.

10 I think, with all due respect to Tommy, he is saying that, I think
11 we're limiting the communities with the formulary, and by taking the
12 formulary away we're creating more freedom by giving them an opportunity
13 to come forward with bigger projects, however we define it, return on
14 investment to help create these jobs. Whatever we determine as a
15 Committee, as far as investment per job, is important to consider. If it
16 doesn't create that return on investment and the bigger and broader
17 opportunities, as I see it, then that's something we have to look at. I agree
18 that if we don't move forward we're liable to have some of these funds taken
19 away, and that's a possibility.

20 MR. NOYES: If I may, there are two points. I
21 believe that the Blue Ribbon Panel will indeed come with recommendations
22 that the approach that the committees of the Commission as a whole should
23 take is an RFP approach, which is what Delegate Hogan is talking about
24 here, where we say specifically these are the things for which we want
25 applications, and if it's not one of these things, we're not going to deal with

1 it. We'll deal with it very quickly. That's a different issue, however, than the
2 issue of the formulary. The Blue Ribbon Panel may not even address having
3 or not having a formulary. I suspect they will come in with a
4 recommendation that says the Commission needs to be more proactive in
5 defining precisely what it is that it expects in applications. That is very, very
6 much different than what your practice has been historically, not just this
7 Committee, but everyone else. What we want is your ideas, and we don't
8 want the top-down approach, we want a bottom-up approach, where the
9 presumption is that a community knows best what its needs are, rather than
10 external entities. They're talking about finding out what the best practices
11 are. It doesn't matter what the best practices are somewhere else, but what's
12 important is finding out what the best practices are in Mecklenburg County
13 or Lunenburg County. You may not hear anything on the formulary, but
14 we're still going to have the issues, and the issues, nobody is going to come
15 in and solve it and deal with that issue accordingly. On the other hand, I
16 think we will hear a more top-down approach.

17 MR. DAY: If we think what we're doing now is
18 indeed working and revitalizes the economy in this region and that we're
19 meeting the mandates laid down by the legislature, then we don't have to
20 change anything. We don't have to take the recommendations of the Blue
21 Ribbon Committee. What do they know that we don't know? If you truly
22 think what we're doing is working and it's going to make a long-term
23 difference, then stay the course. I just happen to think differently.

24 SENATOR RUFF: Neal, when are we scheduled
25 to have the next meeting for consideration of applications?

1 MR. NOYES: I'll be sending meeting dates
2 around. The next round is October, I think.

3 MR. PFOHL: November 3rd is the applications,
4 and then the Committee meeting prior to the January full Commission
5 meeting.

6 SENATOR RUFF: To move along, I'd make the
7 motion that Staff and Commission members who want to do it come up with
8 a formula as to how they would compare projects to projects, what criteria
9 would be the highest priority and what would be the lowest priority, and
10 what would they be in-between, so that we would know what was going to
11 be prepared. I think Delegate Hogan is correct in saying that we don't know
12 what we would be considering. If you take the Mecklenburg County
13 situation, they have done a fairly good job of balancing issues within the
14 county. Without that structure to balance anything or to compare anything,
15 we're going to be in a very awkward situation. If we could have a criterion
16 what's highest priority and second priority and where you can make the cut, I
17 think that would help this Committee come to a more professional decision
18 on how to do that.

19 MR. NOYES: We'll be happy to suggest those
20 things that we consider to be a higher priority in relationship to Economic
21 Development. What concerns me as Director, if we get to the point where
22 we're putting cutoffs and job cost ratios and all things like that which are
23 standard economic development kinds of approaches simply because that
24 effectively infringes on the flexibility of this body to make decisions. One
25 size doesn't fit all. We'll be happy to suggest those things and possible ways,

1 but I don't like to be able to do it without getting in the way of the
2 membership here.

3 DELEGATE HOGAN: I'm not sure you can do
4 that.

5 SENATOR RUFF: I think that's the same problem
6 we're having. How are we going to make these comparisons, just as the
7 Staff is making comparisons? Just like Clark said, we need to know what
8 we're doing.

9 DELEGATE WRIGHT: I agree with Delegate
10 Hogan and Senator Ruff both on this. We need to know, if we're going to
11 replace the formula, what it's going to be with. I think that's what Frank was
12 saying, what are we going to replace it with, and we need to know that. We
13 need details as far as what's going to replace the formulary if we decide to do
14 it.

15 DELEGATE BYRON: What's to stop us from
16 doing that now? What's to stop the Committee now? We're having a
17 discussion on it, and if people are waiting to see what comes back from the
18 Blue Ribbon Committee, and then see if we can evaluate that, too. There is
19 nothing to stop this Committee from having another meeting before the full
20 Commission meeting to further discuss these options and work it out. I don't
21 see us going forward with anything at this point.

22 DELEGATE HOGAN: I think we've got a conflict
23 here, and we need to know what we're going to replace it with. In fairness to
24 the localities, I think we've got to tell them now that we're contemplating
25 making a change. That can be accomplished simply by saying we're not

1 going to consider applications -- when we publish our budget here in two
2 weeks and the numbers will come down and they can figure out how much
3 they're going to get under the allocation formula. I think if we don't want
4 them to do that, we need to tell them right now, and we can see what we
5 replace it with.

6 The other thing is that Mr. Harwood talked about when this
7 Committee meets, and it meets at the call of the Chairman, and you certainly
8 can call a meeting to discuss these things anytime. I don't think we're bound
9 by any January deadline. If we're really serious about this, we should tell the
10 localities right now, don't apply under the formula, and then we can evaluate
11 these other issues and move forward.

12 MR. OWENS: If you look at the Minutes
13 sometime past, that's exactly what I said. The good and bad, as I see it, is
14 right now we don't have any new money allocated, and we won't until July 1.
15 I believe we should have some structure in place before we move forward. I
16 agree with Delegate Hogan on that. We might have to consider quite a few
17 things, and it might be revenue sharing. Maybe we have a cap on
18 municipalities or one project every couple of years. A lot of things come
19 into play in deciding that sort of thing, and a lot of things come into play in
20 regard to ending the formula.

21 I know the Chairman of the Commission has expressed his
22 desire, and I think what I hear today is that there is some thought of doing
23 that, but we have to know where we're going to go before we move, and we
24 don't want to move too fast. Is that what I'm hearing? If I'm wrong, speak
25 up.

1 MR. NOYES: I think there are plenty of reasons
2 to consider a different direction than maintaining the existing formulary.
3 We have balances that are allocated balances. The budget request will go
4 before the Executive Committee next week and before the full Commission
5 on the 29th. Then, we'll know how much new money will be available for
6 this Committee, and those funds will be available once we have structure.

7 MR. HITE: When do you think this Blue Ribbon
8 Panel will have the final recommendations for us?

9 MR. NOYES: I'm guessing six weeks, and that's
10 as good a guess, they're meeting on the 14th, which is Monday. The purpose
11 of the Blue Ribbon Panel meeting on Monday is to collect, from a fairly
12 large menu of potential recommendations, those that they believe are the
13 most important for the future work of this Commission, four, five or six,
14 rather than fifteen or sixteen or nineteen recommendations. That's the
15 purpose of the meeting, but that's not to say when the report is going to be
16 issued.

17 MR. HITE: Do you have any idea when, or will
18 we know this information by the time of the full Commission so we can
19 move forward quickly?

20 MR. NOYES: Well, you can tell them that. I
21 think the whole thing will be completed by this point, but I'll remind you it's
22 an independent body, certainly not dependent on me.

23 DELEGATE HOGAN: The recommendations
24 from the Blue Ribbon Panel are just recommendations, and we're not bound
25 by them. I'm as interested as anyone else in hearing what they have to say.

1 I'm happy to get them or not. This Committee is going to have to decide
2 what happens to this money. I think if the General Assembly wanted this
3 money to go to communities by allocation they would have done it, and we
4 wouldn't be here. So, we clearly have responsibilities as far as how this
5 money gets spent and what the goals are, and I think everybody here agrees
6 with that.

7 If we're going to contemplate this, it seems to me reasonable
8 that we should inform the counties that we're responsible for and let them
9 know that we're considering replacing. I think, maybe, at this point we
10 could tell those people we're not taking applications until further notice, and
11 we'll tell you what those standards will be at that point. For me, the
12 decision comes down to what do we do with some of the other committees
13 and how do we use the budget. Actually, what are we going to replace it
14 with?

15 MR. OWENS: The new money is not --

16 DELEGATE HOGAN: -- What's in the account.
17 So, I would suggest maybe we have a meeting in May to talk about what
18 we're going to do.

19 MR. DAY: That's a good idea.

20 DELEGATE HOGAN: Do we need a motion to
21 notify those localities that we're suspending the application process until we
22 make a decision about what we're going to do, or can you do that on your
23 own?

24 MR. NOYES: I don't see why there needs to be a
25 motion to do that. If that's the instruction to the Staff to provide that notice,

1 we, of course, will do just that.

2 SENATOR RUFF: We don't have any grantee
3 coming before us until the budget is passed, and that won't be until July.

4 MR. NOYES: We'll pass the budget in April, but
5 it won't be available until July.

6 MR. OWENS: Any more discussion on this
7 matter?

8 MR. HARWOOD: Am I correct that you're going
9 to notify the counties we're going to have another meeting sometime before
10 July, or before the 1st?

11 MR. OWENS: Yes. Mr. Noyes will notify the
12 counties.

13 MR. NOYES: We'll do that.

14 MR. OWENS: Any public comment at this time?
15 Any other discussion on this matter?

16 All right, public comment. Does anyone in the public have any
17 comments?

18 MR. RAWLEY: I'm with the Danville
19 Community College. My name is Buddy Rawley, and I'm the Director of
20 the Danville Community College, and I'm very close to the city
21 administration in Danville and also Pittsylvania County. I'd just like to let
22 you know that as a group you've made a huge difference in many, many
23 lives of our citizens in Danville and Pittsylvania County. I would say the
24 jobs that have come because of your generosity have had a great impact on
25 people being retrained. I think it will make generational differences in their

1 families, setting examples for their families. That includes future training
2 and education. I thank you very much for your work.

3 MR. OWENS: Anyone else? So, we'll be having
4 a meeting sometime before July 1 for sure. Is there anything else? Do I
5 have a motion? All right, we're adjourned.

6

7 PROCEEDINGS CONCLUDED.

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19 CERTIFICATE OF THE COURT REPORTER

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21

22 I, Medford W. Howard, Registered Professional
23 Reporter and Notary Public for the State of Virginia at large, do hereby
24 certify that I was the court reporter who took down and transcribed the
25 proceedings of the **Virginia Tobacco Indemnification and Community**

1 **Revitalization Commission Southside Economic Development**
2 **Committee Meeting when held on Thursday, April 10, 2008 at 11:00**
3 **a.m. in Salon A&B, Berry Hill Conference Center, 3105 River Road,**
4 **South Boston, Virginia.**

5 I further certify this is a true and accurate transcript
6 to the best of my ability to hear and understand the proceedings.

7 Given under my hand this 21st day of April, 2008.

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Medford W. Howard

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Registered Professional Reporter

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Notary Public for the State of Virginia at Large

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18 My Commission Expires: October 31, 2010.